

complaints unless the respondent is also a licensed realtor. Representatives of the Consumer Protection Section of the Attorney General's office report that they also receive numerous complaints. The complaints include allegations of misappropriation of funds, improper notice and unwarranted foreclosures, and various forms of professional malfeasance.

The report of the Community Association Management Advisory Committee in 2007 made the following significant finding:

*According to reports from the North Carolina Real Estate Commission and the Consumer Protection Section of the North Carolina Attorney General's Office, many serious complaints have been received against persons performing community association management services, especially with regard to handling association funds. However, the Real Estate Commission lacks jurisdiction to investigate complaints which do not involve real estate licensees, and the Consumer Protection Section lacks the necessary resources to investigate and act upon such complaints.*

We do not have access to the complaints filed in the offices of the REC and Attorney General's office; however, it is significant that representatives of those agencies have reported the existence of "many serious complaints". A copy of an article on embezzlement and mishandling of funds in the April, 2009 edition of Common Ground magazine, attached hereto as "Exhibit B", explains the specific problems faced by associations where managers mishandle their funds.

The General Assembly tried to address many of these concerns with the passage of House Bill 1541 in 2005. The statute establishes regulations for homeowner associations, but there are no adverse consequences for the unregulated professional managers who often advise the volunteer Board of Directors.